

REPORT OF THE AUDIT OF THE OHIO VALLEY EDUCATION COOPERATIVE

**For The Fiscal Year Ended
June 30, 2003**



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C R I T L U A L L E N
A U D I T O R O F P U B L I C A C C O U N T S

To the People of Kentucky

Honorable Ernie Fletcher, Governor

Robbie Rudolph, Secretary, Finance and Administration Cabinet

Gene Wilhoit, Commissioner, Department of Education

Robert S. Sherman, Director, Legislative Research Commission

Dr. John A. Rosati, Chief Executive Officer, Ohio Valley Educational Cooperative

Board of Directors of the Ohio Valley Educational Cooperative

The enclosed report prepared by Carpenter, Mountjoy & Bressler, PSC, Certified Public Accountants, presents the financial statements of the Ohio Valley Educational Cooperative, Shelbyville, Kentucky, as of June 30, 2003.

We engaged Carpenter, Mountjoy & Bressler, PSC to perform the financial audit of this educational cooperative. We worked closely with the firm during our report review process; Carpenter, Mountjoy & Bressler, PSC evaluated the Ohio Valley Educational Cooperative's internal controls and compliance with applicable laws and regulations.

Respectfully submitted,

A handwritten signature in cursive script, reading "Crit Luallen".

Crit Luallen
Auditor of Public Accounts

Enclosure

FINANCIAL STATEMENTS
**OHIO VALLEY EDUCATIONAL
COOPERATIVE**

June 30, 2003

OHIO VALLEY EDUCATIONAL COOPERATIVE

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Ohio Valley Educational Cooperative
Shelbyville, Kentucky

We have audited the accompanying financial statements of the Ohio Valley Educational Cooperative as of June 30, 2003, and for the year then ended, as listed in the accompanying table of contents. These financial statements are the responsibility of the Cooperative's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note A, these financial statements have been prepared on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and fund balances of the Ohio Valley Educational Cooperative as of June 30, 2003, and the cash receipts and disbursements and changes in fund balances for the year then ended, on the basis of accounting described on Note A.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2004 on our consideration of the Ohio Valley Educational Cooperative's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements of the Ohio Valley Educational Cooperative taken as a whole. The supplemental information shown on pages 9 through 23 is presented for purposes of additional analysis and is not a required part of the financial statements of Ohio Valley Educational Cooperative. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information, except for the schedule of insurance in force on page 23, marked "unaudited," on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Carpenter, Manning & Brassey, PC

Louisville, Kentucky
February 10, 2004

OHIO VALLEY EDUCATIONAL COOPERATIVE**COMBINED STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES**

June 30, 2003

	<u>General Fund</u>	<u>Federal Grants</u>	<u>State and Local Grants</u>	<u>Totals (Memorandum Only)</u>
ASSETS				
Cash	\$ 268,982	\$ -	\$ 230,802	\$ 499,784
Accounts receivable	<u>101,879</u>	<u>265,906</u>	<u>88,873</u>	<u>456,658</u>
Total assets	<u>\$ 370,861</u>	<u>\$ 265,906</u>	<u>\$ 319,675</u>	<u>\$ 956,442</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Bank overdraft	\$ -	\$ 20,449	\$ -	\$ 20,449
Accounts payable	<u>21,250</u>	<u>179,662</u>	<u>40,843</u>	<u>241,755</u>
Total liabilities	21,250	200,111	40,843	262,204
Fund balances				
Unrestricted	46,058	-	-	46,058
Restricted	<u>303,553</u>	<u>65,795</u>	<u>278,832</u>	<u>648,180</u>
Total fund balances	<u>349,611</u>	<u>65,795</u>	<u>278,832</u>	<u>694,238</u>
Total liabilities and fund balances	<u>\$ 370,861</u>	<u>\$ 265,906</u>	<u>\$ 319,675</u>	<u>\$ 956,442</u>

See accompanying independent auditor's report
and notes to financial statements

OHIO VALLEY EDUCATIONAL COOPERATIVE

COMBINED STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS

Year ended June 30, 2003

	General Fund	Federal Grants	State and Local Grants	Totals (Memorandum Only)
Cash (Overdraft), July 1, 2002	\$ 243,744	\$ (40,140)	\$ (102,918)	\$ 100,686
Receipts				
Revenues from school districts, local monies	790,633	-	77,842	868,475
Federal aid through state	-	1,197,512	-	1,197,512
Federal aid through other sources	-	486,154	-	486,154
Revenue direct from federal sources	-	3,936,138	-	3,936,138
Revenue direct from state sources, grants	12,000	-	577,862	589,862
Crusade for Children	-	-	43,733	43,733
Galef Institute	7,702	-	746,459	754,161
Interest	845	-	-	845
Other revenue	65,815	8,348	21,546	95,709
Indirect revenue	396,629	-	-	396,629
Transfers, advances and reimbursements	518,249	-	-	518,249
Total receipts	<u>1,791,873</u>	<u>5,628,152</u>	<u>1,467,442</u>	<u>8,887,467</u>
Disbursements				
Certified salaries	939,218	839,133	753,274	2,531,625
Classified salaries	138,170	2,031,261	103,936	2,273,367
Fringe Benefits	71,535	814,006	27,638	913,179
Travel	14,138	142,623	16,319	173,080
Program equipment	5,155	207,968	8,748	221,871
Supplies, postage and other	78,907	420,627	50,599	550,133
Contractual and other	175,853	1,152,843	173,208	1,501,904
Transfers, advances and reimbursements	343,659	-	-	343,659
Total disbursements	<u>1,766,635</u>	<u>5,608,461</u>	<u>1,133,722</u>	<u>8,508,818</u>
Excess of receipts over disbursements	<u>25,238</u>	<u>19,691</u>	<u>333,720</u>	<u>378,649</u>
Cash (Overdraft), June 30, 2003	<u>\$ 268,982</u>	<u>\$ (20,449)</u>	<u>\$ 230,802</u>	<u>\$ 479,335</u>

See accompanying independent auditor's report
and notes to financial statements

OHIO VALLEY EDUCATIONAL COOPERATIVE**COMBINED STATEMENTS OF CHANGES IN FUND BALANCES**

Year ended June 30, 2003

	<u>General Fund</u>	<u>Federal Grants</u>	<u>State and Local Grants</u>	<u>Totals (Memorandum Only)</u>
Fund balances, July 1, 2002	\$ 303,502	\$ 109,967	\$ 47,514	\$ 460,983
Revenues				
Receipts	1,791,873	5,628,152	1,467,442	8,887,467
Increase (decrease) in accounts receivable	<u>4,611</u>	<u>(233,581)</u>	<u>(112,627)</u>	<u>(341,597)</u>
Total	<u>1,796,484</u>	<u>5,394,571</u>	<u>1,354,815</u>	<u>8,545,870</u>
Expenditures				
Disbursements	1,766,635	5,608,461	1,133,722	8,508,818
Decrease in accounts payable	<u>(16,260)</u>	<u>(169,718)</u>	<u>(10,225)</u>	<u>(196,203)</u>
Total	<u>1,750,375</u>	<u>5,438,743</u>	<u>1,123,497</u>	<u>8,312,615</u>
Fund balances, June 30, 2003	<u><u>\$ 349,611</u></u>	<u><u>\$ 65,795</u></u>	<u><u>\$ 278,832</u></u>	<u><u>\$ 694,238</u></u>

See accompanying independent auditor's report
and notes to financial statements

OHIO VALLEY EDUCATIONAL COOPERATIVE

NOTES TO FINANCIAL STATEMENTS

June 30, 2003

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization: The Ohio Valley Educational Cooperative (the Cooperative) is a Political Subdivision created by the authority of the Statutes of the Commonwealth of Kentucky. It is a cooperative entity established to act as fiscal agent in the coordination and administration of Federal programs for participating Kentucky local school districts, and to provide centralized purchasing benefits to the districts.

Basis of Accounting: The records of the Cooperative are maintained and the budgetary process is based on the modified cash basis method of accounting. Adjustments have been made to the cash basis financial statements to record accounts receivable and accounts payable with corresponding additions to and reductions from the fund balances.

Description of Funds: The General Fund receives membership dues from participating local school districts for the Cooperative's administrative purposes and to provide continuing educational staff development for educators in these local school districts.

Grant Funds account for the activities of federal programs in accordance with restrictions established by the prospective grantors.

State and Local Grants account for the activities of educational related programs in accordance with restrictions established by the various grantors. The fund also includes reimbursements under a Memorandum of Agreement with the Kentucky Department of Education (KDE) to provide employment to certain KDE personnel in order to meet its goals under the Kentucky Education Reform Act of 1990.

Cash: At June 30, 2003, the total carrying amount of the Cooperative's cash was deposited in an interest bearing deposit account in one financial institution, which is insured up to \$100,000 by federal deposit insurance. At June 30, 2003, the remainder is covered by collateral held by pledging bank's trust department in the Cooperative's name.

The Cooperative pools all cash held into one depository account. Where disbursements exceed receipts for grants, a deficiency may exist for amounts requested for reimbursement which are included in accounts receivable for that grant.

Estimates in the Financial Statements: The preparation of financial statements in conformity with the basis of accounting discussed above requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of receipts and disbursements arising from cash transactions adjusted for accounts receivable and accounts payable during the reporting period. Actual results could differ from those estimates.

OHIO VALLEY EDUCATIONAL COOPERATIVE

NOTES TO FINANCIAL STATEMENTS--CONTINUED

June 30, 2003

NOTE B--RETIREMENT PLANS

Certified employees are covered under the Kentucky Teachers' Retirement System (KTRS). Funding for the Plan is provided through payroll withholdings of 9.855% and matching contributions, which vary from 0% to 9.855%, based on employment type. The Cooperative's total KTRS payroll for the year ended June 30, 2003 was \$2,531,625. The contribution requirement of the Cooperative for KTRS for the year ended June 30, 2003 was \$102,890.

Substantially all other employees (classified personnel) are covered under the County Employees' Retirement System (CERS), a cost sharing, multiple-member, public employee retirement system. Funding for the Plan is provided through payroll withholdings of 5.0% and a contribution of 6.34 % of the employee's total compensation subject to contribution. The Cooperative's total CERS payroll for the year ended June 30, 2003 was \$2,273,367. The contribution requirement of the Cooperative for CERS for the year ended June 30, 2003 was \$135,536.

The Cooperative's total payroll for all employees was \$5,034,334 for the year ended June 30, 2003.

Benefits under both plans will vary based on final compensation, years of service and other factors as fully described in the Plan documents.

KTRS and CERS do not make separate measurements of assets and accrued liabilities for individual employers. Actuarial accrued liabilities, actuarial value of plan assets, and ten-year historical trend information showing KTRS's and CERS's progress in accumulating sufficient assets to pay benefits when due is presented in KTRS and CERS comprehensive annual financial reports.

As the Cooperative is only one of several employers participating in the Plan, it is not practicable to determine the Cooperative's portion of the unfunded actuarial accrued liabilities or the vested benefits of the Cooperative's portion of the Plan assets.

NOTE C--FUTURE FUNDING

Funding for the Cooperative's grants is provided by federal, state and local governmental agencies. These funds are to be used for designated purposes only. If, based upon the grantor's review, the funds are considered not to have been used for the intended purpose, the grantor may request a refund of monies advanced, or refuse to reimburse the Cooperative for its disbursements. The amount of such future refunds and unreimbursed disbursements, if any, is not expected to be significant. Continuation of the Cooperative's grant programs is predicated upon the grantors' intent to continue their programs.

NOTE D--TOTAL COLUMNS ON COMBINED STATEMENTS

Totals columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Such data is not comparable to a consolidation. Interfund eliminations have not been made in the aggregation of the data.

OHIO VALLEY EDUCATIONAL COOPERATIVE

NOTES TO FINANCIAL STATEMENTS--CONTINUED

June 30, 2003

NOTE E--LEASE OBLIGATIONS

On March 2, 1998, the Cooperative entered into a sale/leaseback agreement with Shelby County Trust Bank to finance the acquisition of the land and office building the Cooperative currently occupies. The initial principal amount of the lease was \$750,000 and required monthly payments of \$4,787. The original lease term ran through April 30, 2003. Effective May 1, 2003, the terms of the lease were amended to require a monthly payment of \$3,694 including an interest component at a per annum rate equal to 72.5% of the prime rate (4.25%). This lease expires March 2, 2008 and requires a balloon payment of the outstanding principal and accrued interest at such date. The Cooperative has the option to purchase the property during the term of the lease by giving notice and payment of the remaining principal portion of the lease payments and the interest accrued to the date of such purchase.

The future minimum lease payments under this lease for years subsequent to June 30, 2003 are as follows:

2004	\$ 44,328
2005	44,328
2006	44,328
2007	44,328
2008	57,444
	<u>567,497</u>
	744,809
Less the amount representing interest	<u>86,347</u>
Present value of minimum lease payments	<u>\$ 685,462</u>

NOTE F--ACCUMULATED UNPAID COMPENSATED ABSENCES

Employees of the Cooperative are entitled to paid sick days and paid annual leave depending on job classification, length of service and other factors. An employee can carry over a maximum of twenty (20) unused vacation days to the next year. At June 30, 2003, Cooperative employees had \$89,890 of unused vacation days. The liability for this accrued expense is not recorded in the financial statements. The modified cash basis of accounting recognizes such vacation pay when paid rather than when earned.

At June 30, 2003, Cooperative employees had \$760,001 of unused sick leave. While the Cooperative does not pay employees for unused sick leave benefits, employees covered by the Kentucky Retirement System will benefit from unused sick leave for the purposes of determining their retirement benefits. Upon retirement, the Cooperative pays the employee 10% of their unused sick pay. The liability for this accrued expense is not recorded in the financial statements. The modified cash basis of accounting recognizes such sick pay when paid rather than when earned.

SUPPLEMENTAL INFORMATION

OHIO VALLEY EDUCATIONAL COOPERATIVE

SCHEDULE OF COMPARISON OF CASH RECEIPTS AND DISBURSEMENTS TO BUDGET-- ADMINISTRATION

Year ended June 30, 2003

	Budget	Actual	Favorable (Unfavorable) Variance
Cash, July 1, 2002	<u>\$ 68,150</u>	<u>\$ 143,190</u>	<u>\$ 75,040</u>
Receipts			
Revenues from school districts	155,000	164,352	9,352
Revenues from state sources, Department of Education	10,000	12,000	2,000
Indirect revenue	432,723	396,629	(36,094)
Interest revenue	750	845	95
Other revenue	115,309	72,207	(43,102)
Total receipts	<u>713,782</u>	<u>646,033</u>	<u>(67,749)</u>
Disbursements			
Certified salaries	345,871	349,244	(3,373)
Classified salaries	85,836	81,703	4,133
Fringe benefits	30,884	51,774	(20,890)
Travel	15,500	14,138	1,362
Equipment	3,990	4,955	(965)
Supplies, postage and other	33,000	22,454	10,546
Other			
Computer software and support	52,630	52,644	(14)
Food	2,500	2,857	(357)
Subscriptions and publications	2,895	3,503	(608)
Contractual services	20,277	24,535	(4,258)
Printing, contractual	16,895	20,223	(3,328)
Audit	8,365	16,755	(8,390)
Rent	58,142	53,577	4,565
Dues and memberships	1,732	410	1,322
Building insurance, maintenance and utilities	22,068	30,589	(8,521)
Telephone	29,648	10,837	18,811
Equipment rental	20,651	13,690	6,961
Miscellaneous	353	-	353
Total disbursements	<u>751,237</u>	<u>753,888</u>	<u>(2,651)</u>
Excess of disbursements over receipts	<u>(37,455)</u>	<u>(107,855)</u>	<u>(70,400)</u>
Cash, June 30, 2003	<u>\$ 30,695</u>	<u>\$ 35,335</u>	<u>4,640</u>

OHIO VALLEY EDUCATIONAL COOPERATIVE

SCHEDULE OF COMPARISON OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE

PROJECT HEAD START - 2002

PROJECT NO. 04CHO381/11

Year ended June 30, 2003

Amount of grant				<u>\$ 2,409,036</u>
		<u>Prior Year</u>	<u>Current Year</u>	<u>Total Project</u>
Receipts, U.S. Treasury		<u>\$ 2,204,036</u>	<u>\$ (4,335)</u>	<u>\$ 2,199,701</u>
	<u>Budget</u>			
Disbursements				
Certified salaries	\$ 214,405	214,405	2,360	216,765
Classified salaries	1,163,136	1,099,294	12,064	1,111,358
Fringe benefits	204,909	195,240	3,608	198,848
Travel	44,501	45,430	2,477	47,907
Equipment	102,354	18,161	-	18,161
Supplies and printing	99,292	72,368	4,453	76,821
Contractual services	69,329	47,918	1,508	49,426
Substitutes	13,792	1,358	264	1,622
Parent activities	15,252	12,152	264	12,416
Nutrition and food	32,710	38,071	1,444	39,515
Subscriptions and publications	2,385	3,095	42	3,137
Printing - contractual	9,050	8,997	-	8,997
Training	19,184	12,638	2,587	15,225
Training and technical assistance	27,496	26,611	3,742	30,353
Literacy	1,500	535	-	535
Rent	24,600	19,371	1,845	21,216
Building insurance, utilities, maintenance and renovation	22,008	14,198	3,523	17,721
Vehicle insurance and maintenance	13,116	15,384	1,538	16,922
Child travel - bus/field trip	53,365	40,071	191	40,262
Telephone	14,910	19,206	1,272	20,478
Miscellaneous	23,875	13,089	1,060	14,149
Indirect charges	237,867	237,867	-	237,867
Total disbursements	<u>\$ 2,409,036</u>	<u>2,155,459</u>	<u>44,242</u>	<u>2,199,701</u>
Excess of receipts (disbursements)		<u>\$ 48,577</u>	<u>\$ (48,577)</u>	<u>-</u>
Fund Balance, June 30, 2003				<u>\$ -</u>

OHIO VALLEY EDUCATIONAL COOPERATIVE

SCHEDULE OF COMPARISON OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE

PROJECT HEAD START - 2003

PROJECT NO. 04CHO381/12

Year ended June 30, 2003

Amount of grant		\$ 3,353,121
Receipts, U.S. Treasury		2,437,853
Receipts, Other		38,157
		2,476,010
	Budget	
Disbursements		
Certified salaries	\$ 228,392	230,112
Classified salaries	1,155,787	1,051,818
Fringe benefits	470,025	417,693
Travel	70,552	52,216
Equipment	205,008	63,804
Supplies and printing	316,301	99,743
Contractual services	81,402	34,377
Substitutes	6,035	7,447
Parent activities	18,635	12,056
Nutrition and food	38,950	27,401
Subscriptions and publications	3,535	3,375
Printing - contractual	21,550	7,576
Training	33,045	17,181
Training and technical assistance	27,475	22,553
Literacy	5,982	2,351
Rent	23,668	18,466
Building insurance, utilities, maintenance and renovation	215,359	35,926
Vehicle insurance and maintenance	38,700	24,844
Child travel - bus/field trip	54,500	38,135
Telephone	31,350	17,879
Miscellaneous	40,301	14,422
Indirect charges	266,569	266,569
Total disbursements	\$ 3,353,121	2,465,944
Excess of receipts over disbursements		10,066
Accounts receivable, June 30, 2003		93,794
Accounts payable, June 30, 2003		(103,860)
Fund Balance, June 30, 2003		\$ -

OHIO VALLEY EDUCATIONAL COOPERATIVE

SCHEDULE OF COMPARISON OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE

PROJECT MIGRANT HEAD START - 2003

Year ended June 30, 2003

Amount of grant		<u><u>\$ 131,825</u></u>
Receipts, Community Action Council		<u>100,436</u>
	Budget	
Disbursements		
Classified salaries	\$ 33,225	11,202
Fringe benefits	10,383	3,154
Travel	3,250	1,873
Supplies and printing	19,175	966
Contractual services	1,750	-
Substitutes	300	-
Parent activities	225	-
Nutrition and food	270	-
Subscriptions and publications	400	364
Printing - contractual	1,000	-
Training and technical assistance	1,744	50
Literacy	100	-
Rent	2,450	1,050
Building insurance, utilities, maintenance and renovation	50,075	5,144
Vehicle insurance and maintenance	300	-
Child travel - bus/field trip	50	-
Telephone	500	-
Miscellaneous	628	181
Indirect charges	6,000	5,500
Total disbursements	<u><u>\$ 131,825</u></u>	<u>29,484</u>
Excess of receipts over disbursements		70,952
Accounts receivable, June 30, 2003		-
Accounts payable, June 30, 2003		<u>(8,831)</u>
Fund Balance, June 30, 2003		<u><u>\$ 62,121</u></u>

OHIO VALLEY EDUCATIONAL COOPERATIVE

SCHEDULE OF COMPARISON OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE

PROJECT SCHOOL-TO-WORK URBAN/RURAL OPPORTUNITIES

PROJECT NO. U-6391-7-00-88-60

Year ended June 30, 2003

Amount of grant				<u><u>\$ 2,314,255</u></u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total Project</u>
Receipts, U.S. Treasury		<u>\$ 2,271,363</u>	<u>\$ 42,892</u>	<u>\$ 2,314,255</u>
		<u>Budget</u>		
Disbursements				
Classified salaries	\$ 33,490	33,490	-	33,490
Fringe benefits	5,570	5,616	-	5,616
Travel	23,000	22,747	164	22,911
Supplies and printing	119,537	111,897	8,520	120,417
Equipment	548,000	543,142	4,858	548,000
Contractual services	1,354,632	1,324,169	29,626	1,353,795
Stipends	152,110	151,660	450	152,110
Miscellaneous	10,553	10,553	-	10,553
Indirect charges	67,363	66,098	1,265	67,363
Total disbursements	<u><u>\$2,314,255</u></u>	<u>2,269,372</u>	<u>44,883</u>	<u>2,314,255</u>
Excess of receipts (disbursements)		<u><u>\$ 1,991</u></u>	<u><u>\$ (1,991)</u></u>	<u>-</u>
Fund Balance, June 30, 2003				<u><u>\$ -</u></u>

OHIO VALLEY EDUCATIONAL COOPERATIVE

SCHEDULE OF COMPARISON OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE

PROJECT MIGRANT TECHNOLOGY - 2002

PROJECT NO. S144A970029-01

Year ended June 30, 2003

Amount of grant				<u>\$ 600,000</u>
		<u>Prior Year</u>	<u>Current Year</u>	<u>Total Project</u>
Receipts, U.S. Treasury		<u>\$ 504,809</u>	<u>\$ 103,207</u>	<u>\$ 608,016</u>
	<u>Budget</u>			
Disbursements				
Certified salaries	\$ 245,404	206,650	97,825	304,475
Classified salaries	98,466	96,924	1,101	98,025
Fringe benefits	42,590	39,795	23,435	63,230
Travel	40,616	15,487	440	15,927
Equipment	17,350	4,926	-	4,926
Supplies and printing	6,406	4,667	240	4,907
Contractual services	33,700	28,699	580	29,279
Computer software	1,800	10,834	383	11,217
Stipends	12,275	505	-	505
Project evaluation	24,000	-	3,702	3,702
Equipment maintenance	1,018	90	-	90
Advertising	50	-	-	-
Printing - contractual	2,000	-	-	-
Child travel - bus/field trip	1,000	-	-	-
Telephone	1,800	172	36	208
Indirect charges	71,525	71,525	-	71,525
Total disbursements	<u>\$ 600,000</u>	<u>480,274</u>	<u>127,742</u>	<u>608,016</u>
Excess of receipts (disbursements)		<u>\$ 24,535</u>	<u>\$ (24,535)</u>	<u>-</u>
Fund Balance, June 30, 2003				<u>\$ -</u>

OHIO VALLEY EDUCATIONAL COOPERATIVE

SCHEDULE OF COMPARISON OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE

PROJECT JOB LINK - 2002

PROJECT NO. H234M970026-01

Year ended June 30, 2003

Amount of grant				<u>\$ 238,000</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total Project</u>
Receipts, U.S. Treasury		<u>\$ 194,698</u>	<u>\$ 31,734</u>	<u>226,432</u>
	<u>Budget</u>			
Disbursements				
Certified salaries	\$ 52,150	41,012	6,325	47,337
Classified salaries	100,298	75,324	15,906	91,230
Fringe benefits	28,924	15,525	6,945	22,470
Travel	13,190	9,979	2,576	12,555
Supplies and printing	4,894	7,294	7,773	15,067
Stipends	1,000	658	350	1,008
Equipment maintenance	90	90	-	90
Project evaluation	3,600	-	3,000	3,000
Vehicle insurance	150	-	-	-
Telephone	165	62	74	136
Indirect charges	33,539	25,154	8,385	33,539
Total disbursements	<u>\$ 238,000</u>	<u>175,098</u>	<u>51,334</u>	<u>226,432</u>
Excess of receipts (disbursements)		<u>\$ 19,600</u>	<u>\$ (19,600)</u>	<u>-</u>
Fund Balance, June 30, 2003				<u>\$ -</u>

OHIO VALLEY EDUCATIONAL COOPERATIVE

SCHEDULE OF COMPARISON OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE

21st CENTURY COMMUNITY LEARNING CENTERS - 2001
PROJECT NO. S287A002221

Year ended June 30, 2003

Amount of grant				<u>\$ 768,000</u>
		Prior Year	Current Year	Total Project
Receipts, U.S. Treasury		<u>\$ 768,000</u>	<u>\$ -</u>	<u>768,000</u>
	<u>Budget</u>			
Disbursements				
Certified salaries	\$ 14,029	16,426	-	16,426
Classified salaries	272,426	271,173	-	271,173
Fringe benefits	45,401	40,509	-	40,509
Travel	15,844	36,099	-	36,099
Equipment	50,850	78,535	-	78,535
Supplies and printing	32,078	39,453	697	40,150
Contractual services	216,043	169,678	-	169,678
Student incentives	15,675	25,672	-	25,672
Curriculum materials	4,103	2,319	-	2,319
Project evaluation	6,000	5,000	-	5,000
Nutrition and food	16,653	12,767	-	12,767
Dues and memberships	240	-	-	-
Printing - contractual	4,475	3,139	-	3,139
Child travel - bus/field trip	9,250	2,187	-	2,187
Telephone	5,350	4,763	-	4,763
Indirect charges	59,583	59,583	-	59,583
Total disbursements	<u>\$ 768,000</u>	<u>767,303</u>	<u>697</u>	<u>768,000</u>
Excess of receipts (disbursements)		<u>\$ 697</u>	<u>\$ (697)</u>	<u>-</u>
Fund Balance, June 30, 2003				<u>\$ -</u>

OHIO VALLEY EDUCATIONAL COOPERATIVE

SCHEDULE OF COMPARISON OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE

PROJECT IDEA, PART B, DISCRETIONARY - 2002

Year ended June 30, 2003

Amount of grant				<u><u>\$ 318,206</u></u>
		<u>Prior Year</u>	<u>Current Year</u>	<u>Total Project</u>
Receipts, Kentucky Department of Education		<u>\$ 258,000</u>	<u>\$ 60,206</u>	<u>318,206</u>
	<u>Budget</u>			
Disbursements				
Certified salaries	\$ 199,572	163,995	52,369	216,364
Classified salaries	21,158	15,869	4,150	20,019
Fringe benefits	27,001	21,767	11,481	33,248
Travel	27,490	16,984	9,500	26,484
Equipment	1,500	608	-	608
Supplies and printing	8,600	7,029	924	7,953
Contractual services	10,727	410	(183)	227
Training and assessment materials	5,783	971	7	978
Vehicle insurance and maintenance	1,675	19	2,541	2,560
Subscriptions and publications	3,300	152	322	474
Stipends	500	583	-	583
Rent	7,000	6,417	583	7,000
Audit	1,000	1,000	-	1,000
Telephone	900	181	527	708
Total disbursements	<u>316,206</u>	<u>235,985</u>	<u>82,221</u>	<u>318,206</u>
Excess of receipts (disbursements)		<u>\$ 22,015</u>	<u>\$ (22,015)</u>	<u>-</u>
Fund Balance, June 30, 2003				<u><u>\$ -</u></u>

OHIO VALLEY EDUCATIONAL COOPERATIVE

SCHEDULE OF COMPARISON OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE

PROJECT IDEA, PART B, DISCRETIONARY - 2003

Year ended June 30, 2003

Amount of grant		<u>\$ 332,566</u>
Receipts, Kentucky Department of Education		<u>281,800</u>
	<u>Budget</u>	
Disbursements		
Certified salaries	\$ 227,755	201,078
Fringe benefits	53,028	44,986
Travel	21,008	11,362
Supplies and printing	9,100	4,680
Contractual services	3,500	3,874
Training and assessment materials	2,000	1,194
Vehicle insurance and maintenance	3,175	256
Telephone	1,000	211
Indirect charges	12,000	12,000
Total disbursements	<u>\$ 332,566</u>	<u>279,641</u>
Excess of receipts over disbursements		2,159
Accounts receivable, June 30, 2003		-
Accounts payable, June 30, 2003		<u>(1,431)</u>
Fund Balance, June 30, 2003		<u>\$ 728</u>

OHIO VALLEY EDUCATIONAL COOPERATIVE

SCHEDULE OF COMPARISON OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE

PROJECT READING EXCELLENCE - 2002

Year ended June 30, 2003

Amount of grant				<u><u>\$ 452,982</u></u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total Project</u>
Receipts, Kentucky Department of Education		<u>\$ 297,048</u>	<u>\$ 155,934</u>	<u>452,982</u>
	<u>Budget</u>			
Disbursements				
Certified salaries	\$ 142,482	118,236	-	118,236
Fringe benefits	17,640	14,176	-	14,176
Travel	26,000	14,740	653	15,393
Supplies and printing	16,100	25,659	13,118	38,777
Contractual services	233,320	221,445	16,227	237,672
Training and assessment materials	5,740	8,163	12,125	20,288
Child care	1,200	-	-	-
Staff Training	1,300	75	-	75
Telephone	1,200	-	365	365
Indirect charges	8,000	8,000	-	8,000
Total disbursements	<u><u>\$ 452,982</u></u>	<u>410,494</u>	<u>42,488</u>	<u>452,982</u>
Excess of disbursements over receipts		<u><u>\$ (113,446)</u></u>	<u><u>\$ 113,446</u></u>	<u>-</u>
Fund Balance, June 30, 2003				<u><u>\$ -</u></u>

OHIO VALLEY EDUCATIONAL COOPERATIVE

SCHEDULE OF COMPARISON OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE

EARLY READING INCENTIVE GRANT 2003

PROJECT NO. M-01159746

Year ended June 30, 2003

Amount of grant				<u>\$ 160,000</u>
		Prior Years	Current Year	Total Project
Receipts, Kentucky Department of Education		<u>\$ 57,885</u>	<u>\$ 102,115</u>	<u>160,000</u>
	<u>Budget</u>			
Disbursements				
Certified salaries	\$ 67,521	29,646	31,327	60,973
Classified salaries	5,955	970	6,771	7,741
Fringe benefits	2,691	765	1,660	2,425
Travel	4,390	2,087	1,783	3,870
Supplies and printing	2,200	675	805	1,480
Contractual services	9,850	3,375	2,850	6,225
Curriculum material	6,280	4,712	1,278	5,990
Stipends	47,160	16,125	10,320	26,445
Project evaluation	461	-	-	-
Food and nutrition	1,392	35	741	776
Sub-recipient grants	12,000	12,000	-	12,000
Telephone	100	14	17	31
Total disbursements	<u>\$ 160,000</u>	<u>70,404</u>	<u>57,552</u>	<u>127,956</u>
Excess of receipts (disbursements)		<u>\$ (12,519)</u>	<u>\$ 44,563</u>	<u>32,044</u>
Accounts receivable, June 30, 2003				-
Accounts payable, June 30, 2003				<u>(722)</u>
Fund Balance, June 30, 2003				<u>\$ 31,322</u>

OHIO VALLEY EDUCATIONAL COOPERATIVE

SCHEDULE OF COMPARISON OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE

PROJECT READING EXCELLENCE II - 2004

Year ended June 30, 2003

Amount of grant		<u>\$ 196,000</u>
Receipts, Kentucky Department of Education		<u>196,000</u>
	<u>Budget</u>	
Disbursements		
Certified salaries	\$ 92,722	22,526
Classified salaries	-	-
Fringe benefits	1,892	-
Travel	21,386	469
Supplies and printing	5,000	350
Contractual services	<u>75,000</u>	<u>70,992</u>
Total disbursements	<u>\$ 196,000</u>	<u>94,337</u>
Excess of receipts over disbursements		101,663
Accounts receivable, June 30, 2003		-
Accounts payable, June 30, 2003		<u>(29,833)</u>
Fund Balance, June 30, 2003		<u>\$ 71,830</u>

OHIO VALLEY EDUCATIONAL COOPERATIVE

SCHEDULE OF EXPENDITURES OF STATE AND LOCAL AWARDS

Year ended June 30, 2003

Program Title	Program or Award Amount	Cash Balance (Deficit) July 1, 2002	Receipts	Disburse- ments	Cash Balance (Deficit) June 30, 2003
Early Reading Incentive Grant - 2003	\$ 160,000	\$ (12,519)	\$ 102,115	\$ 57,552	\$ 32,044
Reading Excellence - 2004	196,000	-	196,000	94,337	101,663
Elementary Mathematics Academy - 2002	50,000	3,900	22,500	26,708	(308)
Middle Schools Science Academy - 2002	50,000	7,182	22,500	35,097	(5,415)
Early ID Program - 2002	20,000	(6,325)	20,000	13,675	-
Early ID Program - 2003	20,000	-	20,000	516	19,484
National Board for Professional Teaching Standards - 2002	36,740	2,922	-	2,922	-
National Board for Professional Teaching Standards - 2003	25,920	-	23,763	17,872	5,891
Family Literacy - 2002	147,500	(46,653)	43,461	(3,192)	-
Family Literacy - 2003	75,000	-	31,306	69,691	(38,385)
Kentucky Virtual Learning - 2004	400,000	-	100,000	-	100,000
WHAS Crusade for Children 2002	75,000	(3,837)	24,019	20,182	-
WHAS Crusade for Children 2003	31,400	-	19,714	20,121	(407)
Kentucky Colonels 2002	6,100	23	-	23	-
Kentucky Colonels 2003	5,320	-	5,320	3,113	2,207
Wal-mart Foundation	1,000	1,000	-	1,000	-
Project Bravo!	-	(28,838)	22,903	(5,935)	-
Collaborative for Teaching and Learning - Galef Institute	-	(64,004)	746,459	720,515	(38,060)
Bluegrass State Skills	-	1,254	-	-	1,254
Southern Poverty Law Center	2,000	2,000	-	-	2,000
Bluegrass Regional Mental Health	10,000	10,000	-	2,786	7,214
Literacy Resource Specialist Incentive	-	6,418	38,000	33,489	10,929
Migrant Technology - Local	-	24,559	21,482	16,967	29,074
CEO Program	-	-	7,900	6,283	1,617
Total state and local awards		\$ (102,918)	\$ 1,467,442	\$ 1,133,722	\$ 230,802

OHIO VALLEY EDUCATIONAL COOPERATIVE**SCHEDULE OF INSURANCE IN FORCE (UNAUDITED)**

June 30, 2003

<u>Coverage</u>	<u>Amount</u>	<u>Date of Expiration</u>
Building	\$1,750,188	June 30, 2003
Personal Property	\$829,400 \$2,500 deductible	June 30, 2003
Automobile Liability	\$1,000,000 liability \$1,000,000 uninsured motorist \$1,000,000 underinsured motorist	June 30, 2003
Workers' Compensation	Statutory	December 31, 2003
Educators Professional Liability	\$1,000,000 aggregate \$1,000,000 per occurrence	June 30, 2003
General Liability	\$2,000,000 general aggregate \$2,000,000 products - complete operations aggregate \$1,000,000 personal and advertising injury \$1,000,000 per occurrence \$50,000 damage to rented premises \$1,000 medical expenses	June 30, 2003
Student Accident - Excess Medical	\$5,000 death \$15,000 specific loss \$25,000 overall maximum	February 24, 2004
Parent Accident - Excess Medical	\$5,000 death \$5,000 specific loss \$10,000 overall maximum	January 18, 2004
Miscellaneous Crime Employee Dishonesty	\$400,000 \$250 deductible	December 1, 2003

OHIO VALLEY EDUCATIONAL COOPERATIVE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2003

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA #	Pass Through Grantor's Number	Federal Expenditures
<u>U.S. Department of Education</u>			
Passed through the Kentucky Department of Education:			
Discretionary - 02	*84.234 P	H234P000066	\$ 82,221
Discretionary - 03	*84.234 P	H234P000066	279,641
Goals 2000 - Project Smart - 02	84.276 A		4,520
Reading Excellence	84.338 A		42,489
Fund for Improvement of Education	84.215 V		296
Even Start - 02	84.213 C		43,413
Even Start - 03	84.213 C		75,403
Assistance Program for Chronic Disease Prevention & Control (CVH) - 02	*93.945	M02196545	66,680
Assistance Program for Chronic Disease Prevention & Control (CVH) - 03	*93.945	M02196545	218,623
Assistance Program for Chronic Disease Prevention & Control (CVH) - 04	*93.945	M02196545	56,072
Passed through the Cabinet for Workforce Development - Department for Adult Education and Literacy:			
Adult Education - 02	84.002	DAEL-2002-086	1,291
Adult Education - 03	84.002	DAEL-2003-026	206,430
Passed through Kentucky Council on Postsecondary Education:			
Eishenhower Regional Math and Science Education Consortium - 01	84.319		12,669
Passed through The Urban Institute Goals 2000 Evaluation Partnership Project	84.276		3,961
Passed through Ohio Valley Educational Foundation Parental Information and Resource Center - 03	*84.310 A	S310A020043	362,250
Direct:			
Project Migrant Technology - 02	84.144 A		127,742
Even Start - Migrant Education - 02	*84.214 A		139,792
Even Start - Migrant Education - 03	*84.214 A		296,038
Teaching American History - 03	84.215 X		103,644
Projects with Industry (Project Joblink) - 02	84.234 M		51,334
Twenty First Century Community Learning Centers I - 01	84.287 A		146,243
Twenty First Century Community Learning Centers II - 01	84.287 A		697
Twenty First Century Community Learning Centers II - 02	84.287 A		131,155
Twenty First Century Community Learning Centers II - 03	84.287 A		555,181
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>\$ 3,007,785</u>

OHIO VALLEY EDUCATIONAL COOPERATIVE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS--CONTINUED

Year ended June 30, 2003

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA #	Pass Through Grantor's Number	Federal Expenditures
<u>U.S. Department of Health and Human Services</u>			
Passed through Community Action Council Project Migrant Head Start - 2003	93.600		\$ 29,484
Direct			
Project Head Start/Early Head Start - 2002	93.600		44,242
Project Head Start/Early Head Start - 2003	93.600		<u>2,465,944</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>2,539,670</u>
Corporation for National and Community Service (CNS)			
VISTA - Summer Transportation - 02	94.013		9,291
VISTA - Summer Transportation - 03	94.013		<u>6,832</u>
TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			<u>16,123</u>
<u>U.S. Department of Labor</u>			
Project School to Work	17.249		<u>44,883</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 5,608,461</u>

* Denotes major program

OHIO VALLEY EDUCATIONAL COOPERATIVE

NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2003

NOTE A--BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Northern Kentucky Cooperative for Educational Services, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Ohio Valley Educational Cooperative
Shelbyville, Kentucky

We have audited the financial statements of the Ohio Valley Educational Cooperative as of and for the year ended June 30, 2003, and have issued our report thereon dated February 10, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Ohio Valley Educational Cooperative's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Ohio Valley Educational Cooperative's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Directors of Ohio Valley Educational Cooperative, management, the Auditor of Public Accounts of the Commonwealth of Kentucky, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Carpenter, Mountjoy & Bressler, PSC

Louisville, Kentucky
February 10, 2004

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM
AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors
Ohio Valley Educational Cooperative
Shelbyville, Kentucky

Compliance

We have audited the compliance of the Ohio Valley Educational Cooperative with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended June 30, 2003. The Ohio Valley Educational Cooperative's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the Ohio Valley Educational Cooperative's management. Our responsibility is to express an opinion on the Ohio Valley Educational Cooperative's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Ohio Valley Educational Cooperative's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Ohio Valley Educational Cooperative's compliance with those requirements.

In our opinion, the Ohio Valley Educational Cooperative complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2003.

Internal Control Over Compliance

The management of the Ohio Valley Educational Cooperative is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Directors of Ohio Valley Educational Cooperative, management, the Auditor of Public Accounts of the Commonwealth of Kentucky, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Carpenter, Murawski & Brundley, PSC

Louisville, Kentucky
February 10, 2004

OHIO VALLEY EDUCATIONAL COOPERATIVE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended June 30, 2003

Summary of Auditor's Results

We have issued an unqualified opinion, dated February 10, 2004, on the financial statements of Ohio Valley Educational Cooperative as of and for the year ended June 30, 2003.

Our audit disclosed no instances of noncompliance, which are material to the Ohio Valley Educational Cooperative's financial statements.

We have issued an unqualified opinion, dated February 10, 2004, on the Ohio Valley Educational Cooperative's compliance for major programs.

Our audit disclosed no findings required to be reported under the provisions of OMB Circular A-133.

The threshold for determining Types A and B programs was \$300,000.

The programs tested as a major program were: Idea B, Discretionary, CFDA No. 84.234P; Assistance Program for Chronic Disease Prevention and Control, CFDA No. 93.945; Parental Information and Resource Center, CFDA No. 94.310A; Migrant Education Even Start, CFDA No. 84.214A.

The Ohio Valley Educational Cooperative qualified as a low-risk auditee under the provisions of OMB Circular A-133.

Findings Relating to the Financial Statements

Our audit disclosed no findings, which are required to be reported in accordance with *Governmental Auditing Standards*.

Findings and Questioned Costs for Federal Awards

Our audit disclosed no findings or questioned costs for federal awards as defined by OMB Circular A-133.

OHIO VALLEY EDUCATIONAL COOPERATIVE

SCHEDULE OF PRIOR AUDIT FINDINGS AND THEIR RESOLUTIONS

Year ended June 30, 2003

The prior year's audit disclosed no findings, which are required to be reported in accordance with *Government Auditing Standards*.

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